

November 16, 2012

TO: Councilmember Eric Garcetti
Councilmember Tom Labonge

FROM: Hollywood Entertainment District Tour Bus Working Group

SUBJECT: Recommendations for Public Policy and Regulatory Consideration

We are pleased to present you with a final draft of our recommendations to provide a regulatory framework that will govern the sightseeing tour industry here in Hollywood.

We have been meeting and researching this issue area for over six months.

Our guiding principles have been to recommend policies that achieve the following:

- To enhance the customer experience;
- To facilitate vehicle access, parking and staging;
- To enhance local business;
- To minimize disruptions on adjacent neighborhoods, and
- To improve perceptions of Hollywood as a destination.

We have worked to unite many diverse stakeholders around these recommendations, and look forward to working with you and your staff to prepare for improved visitor experience in the summer of 2013.

Working Group -- Final Report – November 16, 2012

Sightseeing Tour Coach Policies for Hollywood Entertainment District

Mission: To recommend to the city of Los Angeles an ideal and enforceable regulatory framework to govern the sightseeing tour industry in Hollywood with a view toward:

- enhancing the customer experience;
- facilitating vehicle access, parking and staging;
- enhancing local business;
- limiting impacts on adjacent neighborhoods, and
- improving perceptions of Hollywood as a destination.

Process: This working group met first on May 1, 2012 and held four subsequent meetings. One meeting was held in Santa Monica on May 11, 2012 at the office of the Santa Monica Visitor & Convention Bureau, and the subsequent meetings were held on May 21, July 11, and November 2012.

Participants: Over the course of the past six months, the following individuals have participated in group meetings or smaller consultations:

California Highway Patrol: St. Jeff Loftin
Europe Tours: Houssine Lazar
LA City Tours: Jan Sherwood
Hollywood Chamber of Commerce: Nicole Shahenian, Leron Gubler, Marty Shelton
Hollywood Entertainment District: Joe Mariani and Kerry Morrison
Hollywood & Highland Center: Roland Robinson, Dan Chismire
Redline Tours: Tony Hoover
Rockin Hollywood Tours: Patrick Hickey
Starline Tours: Vahid Sapir, Fred Sapir, Philip Ferentinos
Street Rod Tours: Andre Watkins, Jose Zapates
The Big Red Tour Bus Company: Stephen Donaldson
CD 13: Angela Motta
CD 4: Sharon Shapiro
LAPD: Lt. Mark Reina
Department of Transportation: Ray Lau
HID International Tours, Inc.: Shinsuke Takahashi
Guests: Phil Erenberg, the Hollywood Building; Alex Kosoyan, Tom Jones

Current situation:

A world-class tourist destination would aspire to offer a welcoming and memorable experience to its visitors by offering tours that are professionally marketed, accurately narrated, fairly priced and provided in safe and comfortable vehicles. Indeed, Hollywood is proud to be home to some fine tour companies who have built a reputation over the years serving customers in exactly this manner. These companies pay rent, taxes, follow city and state laws and are contributing members to the community.

However, over the past five years, largely owing to lax enforcement, the chance to make quick money, and a liberal interpretation of an outdated municipal code, Hollywood Boulevard has devolved into a gauntlet experience for pedestrians given the proliferation of tour bus companies and their salespeople who camp on nearly every block during busy summer months. Because so many laws are involved, enforcement is fragmented, and this situation is exacerbated by the economic stresses faced by local governments in the current climate. Absent sustained enforcement, more companies are attracted to the Boulevard to make money in what has become a cash business with limited overhead, due to the ability to set up business without paying rent.

There are two categories of tour companies that are addressed in this report. First, there are “fully independent traveler” tours (also known as FIT). These are exemplified by short itinerary tours, or “hop on hop off” experiences. The second type of tour is the “group tour” whereby busses are chartered or scheduled to come into Hollywood as part of a group excursion. The tour bus industry – their vehicles, drivers, safety standards, licensing, parking, sales and taxation – are regulated by no less than seven agencies as follows:

| Requirements | Responsible party |
|--|--|
| TCIP permit | CA Public Utilities Commission ¹ (PUC) |
| insurance requirements | PUC |
| driver inspections – proper license; drug/alcohol testing; review of driver logs | California Highway Patrol (CHP) |
| vehicle inspections | CHP |
| Business Tax Registration Certificate | City Finance Dept. |
| enforcement of sightseeing loading zones | LA City Department of Transportation Parking Enforcement (DOT) |
| establishment of bus staging areas | DOT |
| enforcement of unpermitted sidewalk kiosks | Bureau of Street Services |
| misdemeanor and felony behaviors | Los Angeles Police Department |
| issuance of Class B licenses for busses >24 and <24 passengers | Department of Motor Vehicles |

¹ The PUC and DMV contracts with the California Highway Patrol for enforcement

The multiple layers of enforcement make it difficult to turn to one city entity to help bring order to the sidewalks of Hollywood.

To illustrate this proliferation, on Monday July 9, 2012 at 11 a.m., a BID intern found the following on the Boulevard:

- 64 people selling tours between Argyle and Orange².
- 28 kiosks on the public right-of-way (illegal)
- 33 parked busses in curb lane (some in sightseeing tour zone, some in passenger loading zone, and some in parking spots)
- 6 storefront locations to sell tours

Complaints have been lodged with the Chamber of Commerce, LA Tourism & Visitors Bureau, LAPD, Hollywood & Highland, and the Hollywood Entertainment District. Earlier this year, Channel 4 consumer reporter, Joel Grover, conducted a two week undercover surveillance of tour vans parked on Hollywood Boulevard between Cahuenga and Wilcox (north side). He documented what appeared to be favorable treatment of tour vans by parking enforcement officers who were issuing tickets to adjacent cars, but not treating tour vans in a similar fashion. In fact, one bus parked in the same spot for six hours.

² The BID intern did a second walk on Thursday July 12, 2012 at 2 p.m. to capture another view. At that time, there were 74 people selling tours. Kiosks and busses were not counted on this day. At this same time, adding to the crowded sidewalk conditions, there were also (between Highland and Sycamore, north side) 31 street characters, 7 CD vendors and 6 street performers – subjects for another task force.

Elements of Ideal Regulatory Framework

1. Elimination of sidewalk solicitation and sales – delete exemption afforded to PUC regulated tour operators

Background: It is unclear why the city's municipal code continues to exempt tour operators from prohibitions on vending on the public right-of-way. It appears to be anachronistic in today's climate, nearly 40 years after the municipal code ordinance was drafted. In the 1970's, the Public Utilities Commission regulated tour bus companies, similar to the manner in which public utilities were regulated. Tour companies had to seek permission from the PUC to secure a rate hike (hence the phrase "fixed charge" related to tours in the Municipal Code). Over time, however, PUC regulations have been relaxed.

Our staff consulted Ms. Ivy Walker in the Consumer Protection & Safety Division, Transportation Enforcement, for the state PUC. She indicated that the PUC does not regulate sidewalk vending, or the manner in which tour operators sell their services. The only condition to selling tours is that the tours are pre-arranged, so as not to conflict with the taxi business.

Ms. Walker indicated that vending is solely the realm of city and county enforcement.

Our staff research other city municipal code sections relative to sidewalk sales and solicitation, and could not find another instances where tour companies were granted an exemption. For example, the city of Santa Monica code does not allow for any exemptions³

A similar provision is found in the San Diego Municipal Code, and in this case, the code draws a very specific boundary to reinforce the limitations on solicitation (i.e., in the downtown core). The ordinance does allow the city attorney, however, to grant permits as exemptions. With this in mind, our recommended amendment to the Los Angeles Municipal Code would look like this:

Sec 42.00 of Municipal Code

(c) Street-Soliciting Employment of Services Prohibited. (Amended by Ord. No. 145,691, Eff. 5/2/74.)

(1) No person, ~~except as otherwise permitted by this section,~~ shall on any street offer for sale, solicit the employment of, or announce by any means the availability of, any goods, wares, merchandise, services or

³ 6.32.070 Soliciting trade on sidewalk (Santa Monica).

Except as otherwise permitted by law, no person engaged in business in the City where goods, wares or merchandise is sold or services are rendered or offered shall use any portion of the sidewalk or street in front of or adjacent to the business, for the purpose of soliciting, requesting or enticing any other person to enter said place of business to examine, purchase or bargain for any goods, wares, merchandise or services or to give any order therefore. (Added by Ord. No. 1851CCS § 19 (part), adopted 5/28/96)

facilities, or solicit patrons for or advertise any show, exhibition, entertainment, tour, excursion, sight-seeing trip, or real estate viewing or inspection trip. (Amended by Ord. No. 169,319, Eff. 2/18/94.)

(2) No person who is visible or audible to any person on any street shall, in a loud, boisterous, raucous, offensive or insulting manner, offer for sale, solicit the purchase of, announce the availability of, or solicit the employment of any goods, wares, merchandise, services or facilities, or solicit patronage for or advertise any show, exhibition, entertainment tour, excursion sight-seeing trip, real estate, or oil well viewing or inspection trip.

~~(3) Nothing in Paragraph (1) of this subsection shall be so construed as to apply to a sight-seeing tour operating under and by virtue of a permit from and regulations of the Public Utilities Commission of the State of California and for which tour a fixed charge is made to the person carried.~~

Note: On July 27, 2012, Councilmember Eric Garcetti introduced a motion, seconded by Councilmember Tom LaBonge, asking the city attorney's office to prepare and present an ordinance deleting LAMC Section 42,00(c)(3) that provides an exemption for sight-seeing tour operations from the prohibition on street-soliciting of goods and services.⁴ This is now in the hands of the City Attorney to draft an amending ordinance to implement this recommendation.

2. Creation of tour bus loading and unloading zones in strategic areas.

In order to create a sense of order for customers taking advantage of the law-abiding tour bus companies, we would recommend the creation of loading and unloading zones, for periods up to 30 minutes, in order to facilitate access. This is distinguished from the need for longer-term staging for tour coaches arriving in Hollywood (see recommendation #5).

3. Requirement of adjacent leased storefront operation to qualify for on-street parking of tour vehicle.

Background: currently, legitimate law-abiding tour companies pay rent for their operations. For example, one company located near the intersection of Hollywood & Highland pays \$8,000 a month in rent. A responsible business such as this is placed at a competitive disadvantage if other tour companies are able to "set up shop" on a sidewalk, with an illegal vending kiosk and a commandeered parking spot.

If as a result of the implementation of the Garcetti/LaBonge motion described in (1) above, tour companies would no longer be allowed to solicit or sell tours on the public right of way, they will need a place from which to operate. The Working Group would like to create an incentive to a tour company to lease retail space. Therefore, the recommendation is that a tour vehicle would be allowed to be parked in front of leased retail space.

⁴ This is Council File 12:1156. The motion was sent to Public Works Committee in August and to City Council on September 12, 2012. Several members of the Working Group came to City Hall in support.

a. *Parking on Hollywood Boulevard – for retail tour companies*

Only those vehicles that are associated with a leased retail space would be granted permission to park on Hollywood Boulevard. The company would have to produce evidence of a master lease. Permitted vehicles would be entitled to one spot in front of the area leased (as determined by landlord).

b. *Dedicated signage*

Branded signage, paid by tour company, would indicate assigned spot (similar to Times Square in adjacent photo). Companies could pay for these signs.



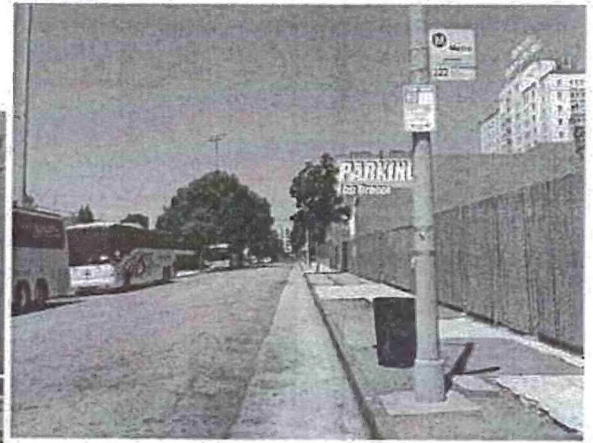
4. *Creation of a special district.*

Ideally, any regulations created for Hollywood would be unique to Hollywood, because of the proliferation of tour busses and charter tour companies that come here. Hollywood could perhaps fall within the purview of a "tourism overlay district."

5. *Create system for parking and staging for group/charter tour companies – coming through Hollywood*

Background: The Working Group was inspired by recommendations that came out of a meeting with Santa Monica CVB officials. They looked at their tour coach regulations as an "economic development strategy" and tried to find ways to communicate better with the tour coach drivers, create a coherent system of dropping off, staging, and picking up, and making Santa Monica a more attractive place for tour coaches to visit.

To that end, we recommend that Hawthorn be converted to the main staging area for group sightseeing tour coaches bringing visitors to Hollywood.



Two current views of potential staging area on Hawthorn. Above is looking westward. To the left is looking east.

We recommend that the entire length of Hawthorn, both sides, be dedicated to a combination of MTA bus staging and tour coach staging (for two hours), while accommodating the need for HHS to stage their school busses during school days (usually early morning and afternoon).

Other potential staging areas include:

- Hawthorn (south of Mel's)
- Selma (behind Egyptian Theatre)
- North side of Hawthorn (behind Roosevelt)
- Sycamore
- Hollywood Bowl, when Academy Awards or San Gennaro is underway

It is also noted that some group coaches only have one driver who also serves as the tour guide. In these cases, the driver must leave the bus locked and tend to the tour. To this end, we are going to research whether one of the parking lots entered off of Hawthorn might be willing to establish a monthly parking arrangement with group companies in order to create a more positive customer experience and a greater sense of assuredness that visitors will be able to easily meet their coach after visiting Hollywood.

Finally, there is a possibility that a parking structure/office complex may be built on one of the parking lots entered off of Hawthorn. It was suggested to the developer, who is still in the early planning stages of this project, that the ground floor of this structure could be dedicated to a bus "depot" for sightseeing tour coaches. Of course, the coaches would have to pay to have access, but the amenities and convenience might make good business sense. As a longer-term policy, in this community, we need to determine if it makes sense to allow free parking on public streets for tour coaches.

NOTE: The following suggestions and ideas represent areas for further exploration and advocacy. For the purposes of the initial recommendations to the city, these are included for information only.

6. Customer Rights

A customer should be entitled to a full refund if not satisfied; should be assured that tour will leave within 30 minutes of a scheduled departure time, or money back; and should be provided phone # of PUC or other entity to file complaints.

- Potential language for a customer's rights sticker that could be a mandatory requirement to affix to a tour bus:

You have the right to a refund if your tour does not depart 30 minutes from the departure time listed on your ticket. You may also call 1-800-555-5555 to make any complaints regarding your experience.

7. Other requests:

- a. Can BID officers be empowered to assist with enforcement (e.g., by Street Services for illegal street furniture)?
- b. Research: how does the Office of Finance levy a business license tax against tour operators/companies? Are all the companies current on their BLT and income/payroll tax reporting? Can we ask Office of Finance to conduct an audit, because it is possible that some companies secure a business license for small van, and then operate larger vehicles (and the insurance limits change accordingly). How is a "departure tax" calculated (which is applied to some companies)?
- c. Should we consider placards attached to busses that have all their proper permits and licenses in place?
- d. Can the city Taxicab Commission oversee the sightseeing tour busses and coaches? Should we consider a formal license issued to companies and/or drivers and guides?
- e. How do we prevent against some companies reverting to "9 seat" busses, which do not require the same level of scrutiny, or a CHP inspection?
- f. Can landlords (who rent space to tour companies) be held responsible for infractions (e.g., illegal street furniture, excessive solicitors, illegal parking)?